6th September 1960]

(17) " ticket " means the share of a subscriber in a chit.

CHAPTER II.

CONSTITUTION AND REGISTRATION.

3. *Registration of by-laws.*—(1) Save as otherwise provided in this Act, no person shall start or conduct any chit unless he has registered with the Registrar the proposed by-laws of the chit.

(2) For the purpose of registration, there shall be filed with the Registrar the by-laws of the chit in duplicate signed by the foreman and attested by at least two witnesses.

(3) The Registrar, on being satisfied that the by-laws are not contrary to this Act or to the rules made thereunder, shall issue to the foreman a certificate of registration and such certificate shall be conclusive evidence that the by-laws of the chit therein mentioned are duly registered.

(4) The Registrar shall retain the by-laws of the chit and return the duplicate of the by-laws to the foreman with an endorsement that the by-laws have been registered.

4. *Prohibition of invitation for subscription to chit of which by-laws have not been registered.*—No person shall issue or publish any notice, circular, prospectus or other document containing the terms and conditions of any chit or inviting the public to subscribe for tickets in any chit unless such notice, circular, prospectus or other document relates to a chit the by-laws of which have been registered.

5. *Form of chit agreement.*—Every chit agreement shall be in duplicate and shall be signed by each of the subscribers or by persons authorised in that behalf in writing by the subscribers, and the foreman and attested by at least two witnesses, and it shall contain the following particulars, namely :—

(1) The full name and the permanent residential address of every subscriber;

(2) the tickets held by each subscriber;

(3) the number of instalments and the amount payable in respect of each ticket for each instalment;

(4) the dates of commencement and termination of the chit;

(5) the mode of ascertaining the prized subscriber;

(6) the amount of discount which the prized subscriber at any instalment has to forego;

(7) the mode and proportion in which the discount is distributable by way of dividend, foreman's commission and other expenses, if any;

(8) the date, time and place at which the chit is to be drawn;

(9) the instalment at which the foreman is to get the prize;

[6th September 1960

(10) the approved bank or banks in which chit moneys shall be deposited by the foreman under the provisions of this Act;

(11) the manner in which a chit shall be continued, where a foreman who is an individual dies or becomes of unsound mind; and

(12) any other particulars which may be prescribed.

6. *Filing of chit agreement.*—(1) Every chit agreement with its duplicate shall be filed with the Registrar. . .

(2) The Registrar shall retain the chit agreement and return the duplicate chit agreement to the foreman with an endorsement that the chit agreement is filed.

7. *Commencement of chit business.*—(1) No person shall commence any auction or drawing of any chit unless he has obtained a certificate of commencement from the Registrar.

(2) The Registrar shall, on being satisfied that the by-laws of the chit have been registered and the chit agreement has been filed and the security required under section 12 has been furnished by the foreman, grant a certificate of commencement.

8. *Copies of by-laws and chit agreement to be given to subscribers.*—(1) The foreman shall, as soon as may be after he has obtained the certificate of commencement referred to in section 7, but not later than the date of the first drawing of the chit, furnish to every subscriber a copy of the by-laws of the chit and of the chit agreement certified by him to be a true copy.

(2) The foreman shall, within the fifteenth day of the month succeeding the month in which the first instalment of the chit is drawn, file with the Registrar a certificate to the effect that he has complied with the provisions of sub-section (1).

9. *Alteration of chit agreement.*—The chit agreement shall not be altered, added to or cancelled except with the consent in writing of the foreman and all the subscribers to the chit.

10. *Minutes of proceedings.*—(1) Minutes of the proceedings of every drawing shall be kept in a book and shall be signed by the foreman and all the subscribers present. It shall also be signed by the prized subscriber or his authorized agent. . . .

(2) Such minutes shall state clearly—

(i) the date and hour when the proceedings began and ended and the place where the drawing was held;

(ii) the number of the particular instalment of the chit of which proceedings are recorded;

(iii) the names of the subscribers present;

(iv) the person or persons who become entitled to the prize amount in the particular instalment;

6th September 1960]

(v) the amount of discount;

(vi) full particulars regarding the disposal of the prize amount in respect of the preceding instalment and disposal of unpaid prize amount, if any, in respect of any previous instalment; and

(vii) any other particulars which may be prescribed.

11. *Copy of minutes to be filed with the Registrar.*—Every foreman shall, within the fifteenth day of the month succeeding the month in which one or more instalments of the same chit or one or more instalments of any other chit are drawn, file with the Registrar a copy of the minutes referred to in section 10 in respect of the drawings at all such instalments and certified by the foreman to be a true copy.

CHAPTER III.

FOREMAN.

12. *Security to be given by foreman.*—(1) For the proper conduct of the chit every foreman shall, before applying for the certificate of commencement under section 7,—

(*a*) execute an indenture of mortgage and trust in favour of the Registrar as trustee charging by way of security property sufficient to the satisfaction of the Registrar for the realisation of . . . the chit amount; or

(*b*) (i) deposit in any approved bank an amount of cash not less than half of the chit amount, or

(ii) invest in Government securities of the face value or market value, whichever is less, of not less than half of the chit amount,

and transfer the amount so deposited or the Government securities in favour of the Registrar to be held in trust by him as security :

Provided that, where movable property is charged by way of security, only such kind of movable property as may be prescribed shall be so charged and such movable property shall be deposited in such manner and with such person or officer as may be prescribed.

(2) Where a foreman conducts more than one chit, he shall furnish security in accordance with the provisions of sub-section (1) in respect of each such chit.

(3) Subject to the provisions of section 520 of the Companies Act, 1956 (Central Act I of 1956), the security given by the foreman under sub-section (1) . . . shall not be liable to be attached in execution of a decree or otherwise—

(i) until the chit is terminated and the claims of all the subscribers are fully satisfied;

(ii) until all dues payable by the foreman under this Act to the Registrar or any other officer have been paid;